



GENERAL TERMS OF PURCHASE

- 1) **ACCEPTANCE.** This order may be accepted only by Supplier's signing the acceptance copy of this order and returning it to Parco, Inc. ("Parco") or Supplier's delivering any of the products or services being ordered ("products").
- 2) **REJECTION OF ADDITIONAL TERMS OF ACCEPTANCE.** Acceptance of this order is limited to its terms. Any acceptance which states additional or differing terms from this order shall be an acceptance, but all such additional differing terms shall be deemed material alterations and notice of objection to them shall be considered given.
- 3) **REVOCABLE OFFER.** This is not a firm offer and Parco reserves the right to revoke it at any time prior to acceptance.
- 4) **MATERIAL COMMITMENTS AND MANUFACTURING.** Supplier shall make no commitments of material and not manufacture any products before the time necessary to make delivery on the due date.
- 5) **MATERIAL AND TOOLING.** All drawings, specifications, samples, material, tooling and equipment furnished to Supplier by Parco or specifically paid for by Parco, and any replacement of same or any material attached to same, shall be the property of Parco. Supplier shall safely store such property and shall keep that property insured at Supplier's expense for the replacement cost of the property, with loss payable to Parco. Supplier shall not substitute any property for Parco's property and shall use Parco's property only to fill Parco's orders. Parco shall have the right to the return of its property. If so requested, Supplier shall prepare that property for shipment and shall return it to Parco in the same condition as when received by Supplier, except for normal wear and tear. Unless otherwise stated, all tooling and equipment needed by Supplier in performing this order shall be obtained by Supplier at its own expense and shall be the property of the Supplier.
- 6) **MANUFACTURING CHANGES.** Supplier shall give Parco written notice of all changes in the drawings, specifications, part numbers or other identification as well as all significant changes in Supplier's manufacturing process or in the location of Supplier's manufacturing plant that affect products covered by this order.
- 7) **DELIVERY.** Supplier shall arrange for delivery of the Parco's plant, unless stated otherwise. It is essential that the products ordered be delivered on the due date. Parco may reject all or part of any products delivered before the date due. Parco may reject all or part of any products delivered after the date due. Supplier shall reimburse Parco for any loss or expense Parco incurs because of any late delivery.
- 8) **CASUALTY TO PRODUCTS.** Supplier shall not be excused from performing its obligations under this order. If the products ordered are damaged or destroyed before being delivered to Parco, Supplier shall substitute products of equal quantity and quality. The risk of loss shall not be altered by any default or breach by either Parco or Supplier.
- 9) **QUANTITIES.** Supplier shall not over- or under ship the quantity of products ordered. If supplier does over- or under ship, Parco may reject all or part of the shipment.
- 10) **WARRANTIES.** Supplier warrants that it has title to the products and that they are not subject to a security interest, lien or other encumbrance. Supplier further warrants that the products covered by the order shall conform to drawings, specifications, samples or other descriptions furnished or accepted by Parco, and will be of good material and workmanship and free from defects. Supplier warrants that the products are merchantable, and Supplier is aware that Parco is purchasing those products for use in the manufacture of O-rings and custom molded rubber products, and that Parco is relying on Supplier's warranty that the products are fit for that purpose.
- 11) **INSPECTION.** Parco shall have the right to inspect the products before acceptance and payment. Parco may inspect and test the products either at Supplier's plant or upon delivery at Parco's plant. Parco may review Supplier's inspection, quality and reliability procedures and reporting data. Failure to inspect by Parco shall not be a waiver of its right to complain of any failure of the products to conform to this order. Parco and/or our customers and/or regulatory authorities shall be granted access to your facility, and to those of your sub-tiers involved in the fulfillment of this purchase order, and applicable records to ensure compliance with all applicable specifications and laws
- 12) **NONCONFORMING PRODUCTS.** The specifications of the products must be fully met. Parco must give prior written authorization to permit Supplier to ship nonconforming products. Otherwise, Parco may reject such products. Supplier shall then immediately substitute nonconforming products. If Parco pays for and then rejects products Supplier shall immediately refund any such payment, unless supplier immediately substitutes nonconforming products. If Supplier determines at any time that non confirming products have been shipped without Parco's authorization, Supplier shall notify Parco promptly.
- 13) **REJECTED PRODUCTS.** If Parco rejects any of the products ordered, Parco may return, at Supplier's risk, the rejected products. Supplier shall then pay the shipping charges both to and from Parco's plant. In addition, Parco may then cancel all or part of this order without affecting Parco's other rights. Under no circumstances shall Parco be required to sell the rejected products.
- 14) **SAFETY REGULATIONS.** Supplier warrants that the products covered by this order shall comply with safety regulations. Those regulations may cover toxic or hazardous substances. In addition, those regulations may cover handling, storage, packaging and labeling. Supplier shall provide a material safety data sheet, if applicable, with the first shipment of each item.

PARCO, LLC
1801 South Archibald Avenue
Ontario, California 91761
(909) 947-2200 www.parcoinc.com



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- 15) **PRODUCT LIABILITY.** Supplier shall defend and hold Parco harmless against all claims, including those of third parties, for personal injury, property damage, and other consequential or special loss arising in any way in connection with the products covered by this order.
- 16) **OFFSET.** Parco may offset any amount owed by Supplier to Parco against any amount owed by Parco to Supplier because of this order.
- 17) **ADVERTISING.** Supplier shall not release any advertising mentioning Parco or quoting the opinion of any Parco employee unless Parco has approved that advertising in writing beforehand.
- 18) **PATENTS AND COPYRIGHTS.** Supplier warrants that the manufacture and sale of the products covered by this order and the use or resale of those products by Parco in the usual or intended manner shall not infringe upon any patent or copyright. Supplier shall defend and Parco harmless from all claims that the use or resale of any products purchased by Parco under this order infringes upon and patent or copyright.
- 19) **ENTIRE AGREEMENT.** Upon acceptance by Supplier, this order shall be the entire agreement between Parco and Supplier relating to the products. Supplier must require its suppliers to meet the applicable requirements of this order., including key characteristics where designated.
- 20) **AMENDMENTS.** This order may be amended only if done so in writing and if signed by both parties.
- 21) **ASSIGNMENT.** Supplier shall not assign and right or interest under this new order without the written permission of Parco. Supplier shall not delegate any obligation owed by Supplier without the written permission of Parco.
- 22) **TERMINATION.** Parco may terminate all or part of this order by giving written notice to Supplier.
- 23) **RESERVATION OF RIGHTS.** If Parco fails to object to the manner of performance of any of the terms of this order, Parco shall not be considered to have waived any of its rights or remedies. That failure to object shall not be construed as an acceptance of such performance. Parco reserves the right to insist upon strict compliance with the terms of this order at all times.
- 24) **APPLICABLE LAWS.** Supplier, in performing under this order, shall comply with (1) The Fair Labor Standards Act of 1938, as amended, (2) Executive Order 11243, including the Equal Opportunity Clause provisions of Section 202, and all related rules and regulations, (3) Sections 503 and 504 of the Rehabilitation Act of 1973 and Title IV of the Vietnam Era Veteran's Readjustment Assistance Act of 1974, and all related rules and regulations, and (4) all other applicable federal, state and local laws, ordinances, rules and regulations. Unless exempt, Supplier shall furnish any certificates stating compliance which Parco may request.
- 25) **JURISDICTION.** The construction, validity, interpretation and performance of this order shall be governed by the laws of the State of California and shall be determined in the courts of the State of California.
- 26) **ATTORNEYS' FEES.** If any action is necessary to interpret or enforce the terms of this order, the prevailing party shall have the right to recover reasonable attorneys' fees and other costs, in addition to any other relief.
- 27) **QMS REQUIREMENT.** Our organization reserves the right to review and approve the Suppliers Quality Management System.
Standard QMS Requirements Include:
 - a) Suppliers providing special processing must maintain a system for validating processes.
 - b) Customer Directed sources must operate in accordance with approved specifications and standards as dictated and controlled by the customer in question.
 - c) Suppliers initially approved for use via Certification (ISO, AS9100, ISO 17025, AS9120, etc.) must notify our organization of any changes to that certification.
- 28) **CALIBRATION.**
 - a) All suppliers providing Calibration Services must be accredited in accordance with ISO17025 (or equivalent). All Calibration Certificates must identify standards used and must be traceable to NIST (National Institute of Standards Technology).
 - b) Supplier shall maintain a documented calibration system for the control and maintenance of measuring and test equipment.
- 29) **CONTRIBUTION TO OUR QMS.** It is imperative that you and your personnel are aware of your contribution to the conformity of the product and service you provide; their contribution to product safety and the importance of ethical behavior as it ultimately affects the conformity of the product(s) we provide to our customers and all of our continued business.
- 30) **COMPETENCE:** The Supplier shall ensure the competence of their employees as necessary to perform the work requested. Qualifications may be requested by Parco on an as needed basis.

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31) COUNTERFEIT PARTS PREVENTION

- a) The Supplier warrants that Counterfeit Supplies shall not be supplied to the Purchaser or installed in the Purchaser's products by the Supplier.
- b) The Supplier warrants that only new, unused, authentic, genuine and legitimate Items and Materials shall form part of the Supplies supplied to the Purchaser.

32) **CODE OF ETHICS.** Supplier and representatives of Parco shall conduct all business affairs according to the highest standards of business ethics and integrity. Should there be any questions as to whether a payment, receipt, or other action is unethical, lacking integrity, or illegal, the matter must be reviewed by Parco management. When in doubt, ask for guidance. Because we do business with the federal government, business ethics are especially important. All employees, contract workers, interns, and representatives, must avoid all actual or perceived conflicts of interest, and must treat all suppliers and business contacts equally and without favoritism.

33) **SUB-TIER CONTROLS.** The Supplier is required to flow down all applicable purchase order requirements, including key characteristics, to sub-tier suppliers when applicable. Company must have previous knowledge and approval of all (sub-tier) suppliers used for our product.

34) **DOCUMENTATION.** The Supplier is required to provide documented proof of processing (process certification, mill report, physical and/or chemical test result, etc.) traceable to purchase order details with each and every shipment/order.

35) **RECORDS.** You are required to retain process records, certifications and test reports for a minimum of 11 years. After that time, you may dispose of the records in any manner you choose. The same requirement applies to copies of Certificates of Compliance, etc. forwarded with shipments. These records must be maintained to protect from deterioration and damage and made available for review by request of Company, our customers and regulatory authorities in accordance with contract or regulatory requirements.

36) **SUPPLIER PERFORMANCE:** All suppliers' performance is evaluated for On-Time Delivery rate and Product Quality Defect rate. When either one of these metrics are at risk of being met by the supplier, contact Parco's purchasing department to negotiate a revised due date. Other metrics may be applied as necessary, these will be communicated through individual purchase orders or email when needed.

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